



# NEWS

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**Federal Communications Commission**  
**445 12<sup>th</sup> Street, S.W.**  
**Washington, D. C. 20554**

This is an unofficial announcement of Commission action. Release of the full text of a Commission order constitutes official action. See MCI v. FCC, 515 F.2d 385 (D.C. Cir. 1974).

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**FOR IMMEDIATE RELEASE:**  
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## **FCC PROPOSES TO FINE VERIZON \$283,800 FOR NONCOMPLIANCE WITH RULES GOVERNING TRANSACTIONS WITH ITS LONG DISTANCE AFFILIATES**

Washington, D.C. – Today the Commission released a Notice of Apparent Liability for Forfeiture proposing that Verizon be held liable for a \$283,800 forfeiture for apparently violating the Commission’s affiliate transactions rules. The conduct at issue relates to Verizon’s accounting treatment of transactions between its New York Bell Operating Company (“BOC”) and its New York long distance affiliates.

This is the first case in which the Commission has proposed a monetary forfeiture arising from a section 272(d) biennial audit. Under section 272(d) of the Communications Act, BOCs are required to obtain a biennial audit of their compliance with the requirements that BOCs remain structurally separate from their long distance affiliates and that all transactions be on an arm’s length basis. Verizon’s first section 272(d) audit, which covered its long distance operations in New York, revealed that in numerous instances Verizon apparently did not comply with those requirements. The proposed forfeiture is based on these audit results.

Action by the Commission on August 6, 2003, by Notice of Apparent Liability for Forfeiture (FCC 03-199). Chairman Powell, Commissioners Abernathy and Martin. Commissioners Cops and Adelstein concurring and issuing a separate statement.

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